

Additional Conditions

In addition to the state criteria contained in Education Code Sections 35753 and 35730.1, there are additional conditions that could affect the feasibility of a Southeast Area school district. SB 1380 (Chapter 335/2000) specifically requires that “the study shall assess the potential benefits and disadvantages that would result from such a reorganization (i.e. a Southeast Area unification) of the district.” The additional conditions have been rephrased into a series of questions:

1. Are educational gains possible as a result of reorganization?
2. Might administrative efficiencies be achieved as a result of reorganization?
3. Might greater operational effectiveness be achieved?
4. Are there fiscal benefits to be derived from reorganization?
5. Might transportation economies be achieved?
6. What would be the positive impact or negative consequences on the remaining LAUSD?
7. Are there possible collaborative programs with municipalities in the Southeast Area – post reorganization?
8. Would reorganization result in better utilization of facilities?
9. What rights do employees have when a reorganization occurs and how would new labor contracts be negotiated?
10. Would pupil services gains result from reorganization?
11. Are there opportunities for open enrollment post-unification?
12. Is there the potential for sharing of resources with other educational agencies?
13. What organizational models for decentralized decision-making might a Southeast Area adopt?

Each question is addressed sequentially in the pages that follow.

1. Are educational gains possible as a result of reorganization?

Educational gains are possible but not probable, at least in the short run. LAUSD began making system-wide changes last year, such as adopting standards-based literacy materials. The District has targeted professional development, linked it to standards, and hired literacy coaches for school sites. This year the efforts have extended to math (again including coaches). The effort is led from the central district, i.e. Superintendent Romer's office. There is ongoing accountability as well as training, coaching, and support.

A new district could continue, replicate and even enhance the educational program given sufficient fiscal and human resources. A greater concern of this author is the nature of change, transition management, and the political nature of school boards. New leadership at any level (school board, superintendent, principal) typically desires to put its own stamp on the system. If this is done without carefully examining the current program, it could negatively impact the students, the research base, and the viability of new programs and practices.

2. Might administrative efficiencies be achieved as a result of reorganization?

In 1999-00, among 16 of the state's largest districts, LAUSD expended 6.25% of its total General Fund budget on central office administration – 6th from the highest. The average large district (which would be about the size of a Southeast Area district) expended 5.98% -- .27% less. The statewide average is 6.18%, a mere .07% less. Thus, from a statistical standpoint a new Southeast Area district might be able to achieve administrative efficiencies.

However, there would be start-up costs to set up new financial and operational systems, recruit competent and experienced administrators for the central office, write and adopt policies and procedures, develop accountability systems and so forth. In addition, there is a two-year right to continued employment for classified staff, and district-wide staff have the option to elect employment with the newly reorganized district. This option may prevent wholesale personnel changes post-unification. Most likely, administrative efficiencies would be a long-term goal.

3. Might greater operational effectiveness be achieved?

Operational effectiveness, like administrative efficiencies, would not likely be accomplished quickly after reorganization. There are only two administrative facilities in the Southeast Area, a garage and temporary maintenance yard. Thus, the facilities in the Southeast Area are inadequate for operational departments such as bus maintenance, food storage and preparation, custodial services, maintenance, purchasing and warehousing. In addition to the work of

setting up the organization, computer systems, building inventories, recruiting and training employees, etc., a new district would have to allow for housing of all of these departments. It could feasibly take years to achieve the level of operational effectiveness of LAUSD today let alone make an improvement. In the interim, the stress on the organization might result in a negative impact on service levels and the educational program.

4. Are there fiscal benefits to be derived from reorganization?

A new Southeast Area school district would not receive any improvements in funding levels as a result of the reorganization. The revenue limit of LAUSD would become the revenue limit of the new district and, in general, all other federal and state funding would follow the pupils. There may even be some diminution in funding in areas where LAUSD has been particularly aggressive in securing and participating in programs, such as class size reduction and mandated cost.

There may be some fiscal benefits on the expenditure side for personnel costs. It is likely that some teachers in the Southeast Area will elect to remain employed by LAUSD. The turnover in staff provides an opportunity to hire less senior, less expensive teachers. However, there are recruitment costs and potential educational costs.

A negative fiscal effect on the expenditure side includes the start-up costs for a new district. The district may have to borrow money to pay for these expenses that could include, for example: information systems, facilities, equipment, personnel and business administration.

5. Might transportation economies be achieved?

LAUSD has a large and costly transportation program, as these district-provided statistics show:

- The District has 1,314 busses and 943 were purchased with desegregation funds.
- The average number of pupils transported, as reported on the District's 2000-01 J-141, is 40,752
- The District received \$50 million in desegregation funding for transportation
- Total transportation expense is \$178 million, an average of \$4,370 per pupil transported
- A total of 31.5 million miles were traveled, an average of \$5.65 per mile
- The state has approved expenditures of \$95 million, which combined with the desegregation funding yields \$145 million in revenues and a shortfall of \$33 million, which is made up from the general fund.
- The District does not charge transportation fees

- The average ride time for all LAUSD students is 45 minutes

The Southeast Area is just over 7 square miles, thus there is little or no need for transportation, except for special education pupils. A Southeast Area school district could save the expense of home to school transportation, which is not a mandated service. The level of savings might be approximated as the amount that is unfunded through state and desegregation funding and encroaches onto the General Fund – the \$33 million, times the pro rata share of pupils in the Southeast Area 9.4%. This equals an estimated \$3.1 million annually.

6. What would be the positive impact or negative consequences on the remaining LAUSD?
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LAUSD would lose approximately 9.4% of its pupils and 3.9% of its assessed valuation. Loss of pupils means the District would have to manage the reduction of personnel and administrative costs accordingly. There may be negative consequences (albeit, probably immaterial to the total district budget) if lay-off proceedings are necessitated and the resultant rise in cost from staff seniority cannot be managed. LAUSD may also have to bear a disproportionate share of the Certificates of Participation (COP) debt because nearly all of the projects financed with the COPs are outside the Southeast area.

Being alleviated of the facilities issues and costs in the Southeast Area may be a fiscal positive to LAUSD. However, overall it doesn't appear that LAUSD would be significantly harmed or helped by the reorganization.

7. Are there possible collaborative programs with municipalities in the Southeast Area?
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In the October meeting with SECEDE, NNW asked the committee (made up of representatives from the Southeast Area municipalities) members about possible collaborative programs between the municipalities and a Southeast Area district. The members mentioned the following projects:

- Educational partnerships with local colleges: East Los Angeles College, California State University at Los Angeles or at Dominguez Hills
- After-school programs, including DARE, transportation to and from the program, and off-track programs
- Parks and playgrounds joint use agreements
- Commercial center joint use agreements
- More non-profits might come forward to assist a "local" school district
- Greater parent participation

It should be noted that some of these collaborative efforts are already underway with LAUSD.

8. Would reorganization result in better utilization of facilities?

No. The schools in the Southeast Area are already impacted with students. Six of the schools have capped their enrollment and are bussing excess students out of the area to alleviate the overcrowding. Today, LAUSD has the flexibility to change attendance areas and bus pupils, but post-reorganization a new district would have fewer options. Obviously, the facilities issues need to be addressed whether by LAUSD or a Southeast Area district. It appears, based on the level of Proposition BB funds dedicated to the Southeast Area, that some progress is being made by LAUSD. A new Southeast Area district would have LAUSD's facilities challenges multiplied by the fact that administrative facilities are scarce in the area and the Edison Middle School site (included in the study scope) would be without a feeder high school post-unification.

9. What rights do employees have when a reorganization occurs and how would new labor contracts be negotiated?

The Education Code provides many protections to employees during a unification. The following summarizes the major applicable sections of law:

- LAUSD Certificated Employees Assigned to Southeast Area Schools – These employees become employees of the new unified district unless they elect by February 1, preceding the effective date of the unification, to remain with LAUSD. Probationary employees, not terminated, become employees of the new district. (Refs. EC 35555, 44035)
- LAUSD Classified Employees Assigned to Southeast Area Schools – These employees become employees of the new unified district but may elect to fill a vacant position in LAUSD, based on seniority. (Ref. EC 35556)
- LAUSD Certificated and Classified Employees Assigned Districtwide – These employees may choose which district to employ them, subject to reasonable reassignment. (Ref. EC 35555)
- Vested Benefits: All vested benefits transfer with the employee. (Ref. EC 44984)
- Right to Continued Employment (Classified Staff Only): All classified staff have a two year right to continued employment at their salary and benefit level at the time of unification, subject to mutual negotiation. This applies to classified employees throughout both districts, LAUSD and the newly unified district. (Ref. EC 45121)

Negotiating a New Contract

The Hayden requirements (Education Code Section 35730.1(i)) state that any school district resulting from reorganization of a district with over 500,000 pupils (i.e. LAUSD), must maintain all of the conditions of all collective bargaining agreements until the agreements expire. For example, the current certificated contract is a two-year contract. Depending on the timing of the unification, the new district would be obligated to the conditions in the contract for a period not to exceed two years. The classified employee contracts generally run up to three years.

The employee groups of the newly unified school district would be represented by the existing bargaining units (e.g. CTA and CSEA), if they make a formal request to the new governing board to be recognized – usually a formality. After expiration of the LAUSD contracts, the governing board of the new district would negotiate new contracts with each bargaining unit.

Recognition of Existing Retiree, Health, Dental and Vision Care Benefits

The Hayden Criteria, in Education Code Section 35730.1(j), also requires any new district reorganized from a school district with more than 500,000 ADA (i.e. LAUSD) to recognize existing retiree benefits.

These lifetime benefits cover both certificated and classified employees who retire from the district with a STRS/CalPERS retirement allowance and meet the following eligibility requirements:

1. Those hired before March 11, 1984 with a minimum of five consecutive qualifying years immediately prior to retirement;
2. Those hired between March 11, 1984 and June 30, 1987 with a minimum of ten consecutive qualifying years immediately prior to retirement;
3. Those hired between July 1, 1987 and May 31, 1992 with a minimum of fifteen consecutive qualifying years immediately prior to retirement, or ten consecutive qualifying years immediately prior to retirement plus an additional previous ten years that are not consecutive;
4. Those hired on or after June 1, 1992 with at least 80 years combined total of consecutive qualifying service and age.

The retiree health benefits costs have been projected by an actuary and reported in the District's Comprehensive Annual Financial Report, dated June 30, 2000, at the following levels:

Total Liability to LAUSD, as of June 20, 2000

All Retirees	\$1,594,173,000
Active Employees	\$1,762,611,000

The cost to a new district becomes a “division of liabilities” issue and a fiscal issue for the new district. These issues are discussed under Criteria #3 and #9.

10. Would pupil services gains result from reorganization?

The formation of a smaller district might lead to increased responsiveness to the needs of the local community and its students. The educational program and additional supplementary activities may also be enhanced with increased community ownership of and involvement in its local schools.

Since the cities involved in the study area share a strong community identity and some of its leaders may favor a separate school district, additional community services and partnerships may arise to benefit students and their families. Increased local, financial, human, and political resources might strengthen the newly-formed district, mitigate the inevitable disruption that comes with change, and continue and even increase the current momentum of student achievement gains. However, the potential for pupil services gains is probably a long-term goal and the outcome is speculative.

11. Are there opportunities for open enrollment post-unification?

Yes, a Southeast Area district would likely provide pupils with opportunities for both intradistrict (within the district) transfers and interdistrict (outside the district) transfers. The new district would be required to adopt policies that cover both types of transfer. Certainly, the new district would develop a system (perhaps similar to the one operated today by LAUSD) to permit pupils access to magnet programs and to attend a school of choice (within specified parameters). And, all school districts have the option to approve inter-district attendance opportunities for its pupils.

More traditional interdistrict opportunities are found in Education Code Section 46600 (a contract approved by both effected districts) and Section 48204 (a transfer based on parental employment within the district). In addition, a Southeast Area district may opt to become a “school district of choice”, ref. Education Code Section 48209.1. A school district of choice elects to accept a specified number of transfers into the district on an unbiased basis.

Practically speaking, a Southeast Area district would be hard pressed to accept many interdistrict transfers in because of overcrowded facilities. However, the possibilities of interdistrict transfers back to LAUSD and other neighboring districts may provide pupils the option to continue, post-reorganization, in programs they are currently attending and provide greater educational options.

12. Is there the potential for sharing of resources with other educational agencies?

Yes. A Southeast Area district may decide to enter into local agreements for services or collaborative efforts with LAUSD or other school districts. Service areas that school districts frequently collaborate on include:

- Special education. For example: joining a Special Education Local Plan Area (SELPA) with other districts or agreeing to provide specialized services to pupils from other districts.
- Vocational programs. For example, a joint Regional Occupational Center or Program.
- Purchasing cooperatives with other districts.
- Staff development and beginning teacher training. For example: working with local colleges or sharing programs with other districts.
- Transportation can be provided through a Joint Powers Agreement (JPA) with other districts or contracted out to a private provider.

Essentially any service could feasibly be a collaboration opportunity. As a new school district, these opportunities may be of great value to help make the transition period easier.

13. What organizational models for decentralized decision-making might a Southeast Area adopt?

Currently, the District J attendance areas (which comprise all but three of the schools in the study area) are organized around the three high schools: Bell High, Huntington Park High and South Gate High. Feeding into the three high schools are three middle schools and then all of the elementary schools. This attendance area arrangement presents a logical way to organize the new district to encourage decentralized decision-making.

An organizational model for decentralized decision-making might include the use of area superintendents for each of the high school catchments. Advantages of this model includes greater contact with the schools and principals in an area; increased accessibility to the central district office; allocation of certain budget

items to the areas for site-based budget management; and, the greater ability to respond to specific parent/neighborhood needs.

The “area” approach results in “mini-districts” of 20,000 to 25,000 students, an amount that approximates the size of many comparable unified school districts in California. It offers the opportunity to capitalize on both the overall size of the Southeast Area, and provides more individual attention to each area. The central district would likely handle key responsibilities such as, tactical support, service, and compliance monitoring. Additionally, the district would set the priority for overall instructional and professional development to ensure consistency. But the local area would have significant control over resources and the autonomy to make decisions about the instruction of children. Along with that autonomy, the area would be accountable for improving student achievement.

NNW did not analyze the space/cost/personnel considerations for this model, but rather presents this as a concept for achieving decentralized decision-making.